

## Adam Hull of Redbud Advisors

**Speaker1:** [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin and the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, many other investors for early stage and growth companies. I hope you enjoy this episode. Interested in learning more about investing in startups, launching a new startup need to raise funding, the startup Funding Espresso is a daily podcast and a short, concise format delivered to your inbox every day Monday through Friday, the time it takes to drink an espresso. You can learn about startup funding to subscribe, go to Invest, Connect Dog and put your email into the pop box.

**Speaker2:** [00:00:40] Hello, this is Hall Martin with Investor Connect. We're here with Adam Hull, partner at Redbud Advisors. Redbud is the fulcrum to your wealth. They serve as wealth strategists and focus on winning relationships in all forms. The ideal client makes a multitude of financial decisions in a day, week and throughout the year. Redbud brings them the strategies needed to achieve their goals and serves as a thought partner, advocate, expert, advisor, facilitator to ensure every decision is in support of the strategy. Like the fulcrum moves to keep things balanced, Redbud moves to ensure the client has constant balance. Adam, thank you for joining us.

**Speaker3:** [00:01:12] Thanks all. Appreciate you having me.

**Speaker2:** [00:01:14] So what was your background? What did you do before investing in startups?

**Speaker3:** [00:01:18] Thanks, yeah, so I've grown up kind of around very small business, kind of my second family that I grew up with owned a golf course and I got to really see the human side to their business. They were my my best friends and they're still some of my closest friends to this day. And I so I grew up around saying not only through the ups and downs of their business, but then also getting just to see that there's a family and there's humans behind these businesses. So seeing customers come in and treat the business poorly and then some people treating and honoring and respecting the hard work and saying it all wet behind the scenes and where you got to get your hands dirty and when you look put together and when there's all

different aspects of the business. And so that's kind of where I fell in love with small businesses and people, the people connected to it. And my career started and worked and for a small real estate developer and then went to work for a single family office before doing what I do now, which started about 11 years ago where I started working with more than one family office. So great.

**Speaker2:** [00:02:35] So how do you help startup and growth companies today?

**Speaker3:** [00:02:39] So I've got some clients that are heavily a lot of my clients are heavily involved with investing in startup and growth companies across the board. Really, and how I help them and I how I help the investors primarily are making sure that there's alignment with the companies that they're investing in. So we take a deep level of care and time that we put into the process of even when we look into work with what we're looking to work with that family, we were very specific about who the family is we want to work for and helping them, making sure that we're aligned with them. And then we look to when they look to invest in something that makes sure that there's alignment with the people. So like a quick example that I like are more of an analogy that I like to share with the families that we work with, as are these people that we know every pro forma, every pitch deck. That's just a guess. At the end of the day, it's a guess at whether or not this is going to work. There's good projections. There's all of this really good work put into it. But we know, like once you really kind of hit the the the firing line gets gets shot off and everyone's off to the races. There's so many ups and downs. And so are these people that you want to go into the trenches with. And that's a big filter that I have the families look through. Are these qualities they're character aligned with you? Are there is there something that you're concerned with? Are you afraid that they're going to be completely concerned with themselves or not consider their investors? All of these? Is there are there incentives aligned with you as an investor? Is you're taking a ton of risk with your capital. And so that's a main way that I kind of interact with a start up and growth companies.

**Speaker2:** [00:04:34] So what is the challenge for a startup in growth company? Can you give us more details?

**Speaker3:** [00:04:38] Yeah, I think for them is really a huge challenge is that finding your investors. And so that's that's where I again, kind of going back to what I say from my clients as

investors in those small companies is you want to see where you are in that capital stack, where you play a role, what value that you can add. And so a challenge from their perspective really is finding the quality investors that they know that those people are really going to want to get into the trenches with them and help them out and not also just be concerned with their return, but also concerned with is their product something that is really valuable? And does it help bring value to society or is it just a junk product or a junk idea? Really? I think there's so much as a huge level of conviction that people have around the dollars that they've earned and how they deploy those dollars. And so I think a lot of startup founders can have a ton of conviction around their idea and oftentimes don't consider the conviction that comes with the LP and really what they're putting into it. And so that's why I think alignment's alignment is critical.

**Speaker2:** [00:05:59] And so how does it start to prepare for that challenge or how do they achieve alignment before they go down the path with an investor?

**Speaker3:** [00:06:05] I think it's really important to have a clear story about why they're doing what they're doing. So in the right, investors will come along side that. So that's that's one of the first things that I look. Or when I'm advising the families, we're when we're looking at a deal, is why why are these people in it? Are they in it just to make tons and tons of money? Some people are. And most of my clients are looking for those types of people that are just in it just to make because they really, at the end of the day, believe that the scoreboard is at the end of the day, your balance sheet is not the scoreboard. Like the scoreboard has a lot more to do with the impact you've had, the people that the lives you changed, the legacy that you've left. And so when people are companies are trying to have a huge impact on a community or people's lives, that right there, I think is a good way for particularly the families I work with. A good way to prepare for that challenge is to know what you're about, why you're exactly doing it and and what impact you hope to have with the product. And what problem are you trying to solve?

**Speaker2:** [00:07:17] Great. Well, so who should the startup recruit to help with that challenge?

**Speaker3:** [00:07:21] I think a startup would it would be really critical and the ones that I've seen that have worked well are kind of the best devices to find a good mentor that is aligned well with you personally. So I've had some clients that do that, that they have really kind of

gone to lunch and kind of coffee with somebody for a really long time. And so that person can help them hone in on their reasons behind their investment that they're making. And so find somebody who knows your story, knows your background, knows who you are when you're out of the office, which I know is very much messed with home these days. But somebody that knows you on a deep, deep level and can help integrate your story into into your business and help tell that story better.

**Speaker2:** [00:08:17] And so for the growth company, what are the must dos that the CEO must pursue their.

**Speaker3:** [00:08:24] Yeah, I think the CEO needs to have a clear conviction around their product and where do they fit into the market? I think they need to network and connect with LP's that they know their story will resonate with. Whether I think what you kind of have seen at work really, really well, where people end up raising money much quicker is when they are able to break into some segments, just like their product might have is likely very niche finding that within an LP base. So finding that people that are know a lot about SACE businesses or know a lot about KPG or they might know about whatever it may be and break into that market, find somebody who's kind of a stakeholder that will help tell your story and get really excited and get behind what you're up to and throw a flag on the ground for you. And I think that that's when it sets it up and creates wildfire on the funding side. So clearly, economics have to be there that obviously people aren't going to throw money at that when there's not an incentive for them to do so. But again, kind of I would discourage startup founders and see as to when they are raising money to look for niches within LP bases.

**Speaker2:** [00:09:56] So where do you see companies under invest in their startup?

**Speaker3:** [00:10:00] I think people want to invest in people. There's a lot of investment in and also under investment and investor relations. So again, I'm I'm very much on the human side of the business. I do have families and the assets that they're entrusted with and trying to do really well. Right. So there is there are a ton of investments that I've seen that do have really poor communication with their with their LP base. They do not have good portals. I frankly and full disclosure, I don't know how much kind of I've seen various platforms there are to have how subscription documents and statements and key ones and all of the various and sundry

documents that we all know come with with this type of investing. But if you're able to provide that for someone, it provides a level of transparency and communication to your LP. That I think is a must today. They can find anything and everything about everybody today. And so they've brought their hard earned dollars to you. I think people have it's the right thing to do to provide really good, transparent communication with them and it's easily accessible.

**Speaker3:** [00:11:14] So I've seen it where we're straining their staff to go and get these documents. Hey, we lost the subscription document or we haven't seen statements for two years or what kind of we we're looking for a random one because we're under an audit. So like we have all these weird issues that we have. But if you are from the get go, providing those documents in a nice, clean, easy to find format that like in the leverage technology for your LPs, I think you're going to save time and money on your own and focus on what you're really good at, which is building your business. So communication is key and critical to your LP base. So they start honestly, it just people start asking questions like what are they doing that we haven't heard from them in a year? All we get is the K one, like, OK, we don't really know that much about them, like overcommunicate and provide it and make it really easy for them to to stay in touch with you.

**Speaker2:** [00:12:15] So great. Well, in the last year that we have here, what else should we cover that we haven't.

**Speaker3:** [00:12:22] I think it's important to for founders, for CEOs, for startup and growth companies to remember that they're there's a human side to their LP's, that they really care deeply about the money that they've invested and to be really intentional about the LPs that they're looking for. Money is often very hard. It's people worked really hard to make that money and they're taking a huge risk. Regardless of that. The check size that they're taking out, it still is a very, very important thing that they're putting a lot of trust in people. And so I would I would take a lot of care into time and consideration into how you care for your LPs and how you select them on the front end and align yourself with LPs that know you, that are really behind you as a human to and not only just your product, but they also agree with your product. But they're they're fans of you as a human and then they're also fans of your product and believe that it will actually have a benefit on society.

**Speaker2:** [00:13:22] Right. Well, how best for listeners to get back in touch with you?

**Speaker3:** [00:13:26] Exactly. Have the easiest way is by email me its hull like hull of a ship at Redbud advisers at X.com.

**Speaker2:** [00:13:36] Great. We'll put that in the show notes. Want to thank you for joining us today and hope to have you back for a follow up soon.

**Speaker3:** [00:13:41] Great. Thanks so all.

**Speaker1:** [00:13:48] Investor Connect helps investors interested in startup funding. In this podcast series Experience, investors share their experience and advice. You can learn more at Investor Connect. Doug Alti Martin is the director of Investor Connect, which is a 5.1 C3 nonprofit dedicated to the education of investors for early stage funding. All opinions expressed by Hall and podcast guests are solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.